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SUBJECT: QUESTION: "SHOULD YOU BUY REAL ESTATE AND RETIRE IN NICARAGUA?"

11. (U) Summary and Introduction: For two years, Grace Brunton occupied a one-of-a-kind job at Embassy/Managua, that of Economic Officer-in-charge of helping American citizens obtain settlements from the Nicaraguan government for property expropriated during Sandinista rule in the 1980s. Despite the lingering history of expropriation and a multitude of legal problems surrounding land titling, Nicaragua received considerable attention during Grace's tenure as the next great low-cost tropical retirement destination for U.S. citizens. Most agree that this newfound interest is due largely to the simple fact that Nicaragua lies just north of Costa Rica, a popular, but increasingly more expensive, retirement destination for Americans in its own right.

12. (SBU) Before Grace retired from the Foreign Service in July at age 65, we asked her to assess Nicaragua as a retirement destination. The result, which follows in paragraphs 3-10, comprises Grace's final report to Washington as a Foreign Service Officer. In addition to providing a number of important insights into the Nicaraguan political and legal dynamic, Grace showcases her wit and literary flair. Her answer to the question, "Should You Buy Real Estate and Retire in Nicaragua?" is a resounding, but colorful "No." For Grace, Nicaragua simply presents too many legal risks and not enough authentic culture. End Summary and Introduction.

The Short Answer Is "No"

13. (SBU) Since arriving in Nicaragua in 2005, Grace frequently heard that there are significant risks in purchasing real estate in this country. Prospective buyers are admonished by websites, acquaintances, and even sellers that they should "exercise caution" before committing to land investments. Nevertheless, for the duration of her two-year stay, Grace frequently came across glossy brochures displaying happy buyers frolicking in their own tropical wonderland, free of problems, rum in hand; due diligence be damned.

14. (SBU) The flip side of the availability/mythology of cheap land in Nicaragua is that the ownership of many properties is still in dispute. The 1979-90 Sandinista government expropriated some 30,000 properties. Deeds and titles on these and many other properties remain ambiguous or, in many instances, actually fraudulent. Although the government has resolved several thousand claims of U.S. citizens through compensation or the return of real property, there remain hundreds of unresolved cases registered with the U.S. Embassy: close to 700. New cases involving American citizens constantly pop up.

15. (SBU) At first blush, one can easily understand how a "buy low, sell high" mindset would draw U.S. speculators and land developers to Nicaragua. The relevant question, though, is "How is it working for you?" Unfortunately, while buying low (relative to purchases in

Costa Rica, Panama, or Florida) is possible, securing proper title in Nicaragua carries many more costs than the average Central American vacation spot. De facto and even de jure possession rapidly turns tenuous when armed invaders show up on the scene, as they are often unfortunately wont to do.

¶6. (SBU) When an irresistible property purchase goes sour and winds up in court, the judicial system offers the foreign buyer little relief. The Embassy is aware of innumerable cases in which buyers purchased property supported by what appeared to be rock-solid titles -- only to find themselves subsequently embroiled in litigation after the titles were contested by an affected, or otherwise interested, third party. Coastal properties, the most valuable sites because of the potential for tourism, seem to find their way in significant numbers to the courts, whose process is complicated by non legal factors such as fear, greed, corruption, and politics. Litigation can leave buyers in the spotlight, in the headlines, in well over their heads, and in an endless maze of courtroom maneuvering. (Unceasing judicial scrutiny and even physical threats are nothing new when it comes to property disputes in Nicaragua.) Sometimes, armed squatters simply set up housekeeping, confident that police and/or judicial authorities will be unable or unwilling to act.

¶7. (SBU) Under the circumstances, it is hard to imagine not heeding the Embassy's strong warning to exercise extreme caution when it comes to purchasing property in Nicaragua. Newspaper stories reporting corruption, political pressure, influence peddling, and shootings abound. Despite this warning and common sense, there are Americans who ignore their better angels, fall victim to temptation, and sometimes wind up contributing their own human frailty and moral slipperiness to the legal morass that engulfs Nicaraguan real estate. For retirees looking for a happy ending, it is maybe smarter to read a good book than to study glossy Nicaraguan real estate brochures.

The Long Answer Is "No Way"

¶8. (SBU) There are other factors to consider. Nicaragua is certainly not a nation that can boast a full measure of stereotypical Latin American "quaintness"--retirees should not expect to find a Nicaraguan version of San Miguel de Allende or Antigua. War, poverty, and natural disasters have taken their toll. While Leon and Granada have been given face lifts, downtown Managua has yet to be truly rebuilt after the devastation of the 1972 earthquake. Indeed, Nicaragua offers the risk of earthquakes, live volcanoes, hurricanes, dengue fever, and malaria. If the dengue does not get you, the next earthquake surely will.

¶9. (SBU) Emblematic of Nicaraguan cuisine is the bean and rice combo Gallo Pinto, named after a black and white guinea fowl and possibly the best candidate for most-favored-food status. Though gastronomically iffy for some unadventurous American palates, it is reasonably priced and more authentically "Nica" than southern fried chicken, Domino's Pizza, or plastic-wrapped multinational cyber chow with an indeterminate shelf life, all of which abound in Nicaragua's larger cities.

¶10. (SBU) This embrace of North American fast food, coupled with distance from the residual European charm present farther south in sister Latin American republics, suggest that Nicaragua is still simply not a top-flight retirement destination. As Grace has observed, "Until they get the spam out of the gourmet section in my local supermarket, my considered opinion is that Nicaragua is not ready for American prime time."

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